

SCHEDULE RC-N -- PAST DUE AND NONACCRUAL LOANS, LEASES, AND OTHER ASSETS

General Instructions

Report on a fully consolidated basis all loans, leases, debt securities, and other assets that are past due or are in nonaccrual status, regardless of whether such credits are secured or unsecured and regardless of whether such credits are guaranteed by the government or by others. Loan amounts should be reported net of unearned income to the extent that they are reported net of unearned income in Schedule RC-C. All lease, debt security, and other asset amounts must be reported net of unearned income. Report the full outstanding balances of assets that are past due or in nonaccrual status, as reported for purposes of Schedule RC, Balance Sheet, not simply the delinquent payments.

The information reported in column A on assets past due 30 through 89 days and still accruing and in all of Memorandum item 1 on restructured loans and leases included in the past due and nonaccrual totals will be treated as confidential by the federal bank supervisory agencies; the information reported in columns B and C (other than in Memorandum item 1) for each bank and all other schedules of its Reports of Condition and Income will be available to the public upon request.

Banks which service for others Government National Mortgage Association (GNMA) pools consisting of 1-to-4 family residential mortgage loans insured by the Federal Housing Administration (FHA) or the Farmers Home Administration (FmHA) or guaranteed by the Veterans Administration (VA) and which, in order to satisfy GNMA's servicing requirements, choose to purchase delinquent FHA, FmHA, or VA residential mortgages in foreclosure status from the pool in lieu of continuing to make monthly advances to the pool need not report such loans in Schedule RC-N provided the process of reimbursement by FHA, FmHA, or VA is proceeding normally.

Definitions

Past Due -- For purposes of this schedule, grace periods allowed by the bank after a loan or other asset technically has become past due but before the imposition of late charges are not to be taken into account in determining past due status. Furthermore, loans, leases, debt securities, and other assets are to be reported as past due when either interest or principal is unpaid in the following circumstances:

- (1) Closed-end installment loans, amortizing loans secured by real estate, and any other loans and lease financing receivables with payments scheduled monthly are to be reported as past due when the borrower is in arrears two or more monthly payments. (At a bank's option, loans and leases with payments scheduled monthly may be reported as past due when one scheduled payment is due and unpaid for 30 days or more.) Other multipayment obligations with payments scheduled other than monthly are to be reported as past due when one scheduled payment is due and unpaid for 30 days or more.
- (2) Open-end credit such as charge-card plans, check credit, and other revolving credit plans are to be reported as past due when the customer has not made the minimum payment for two or more billing cycles.
- (3) Single payment and demand notes, debt securities, and other assets providing for the payment of interest at stated intervals are to be reported as past due after one interest payment is due and unpaid for 30 days or more.

Definitions (cont.)

- (4) Single payment notes, debt securities, and other assets providing for the payment of interest at maturity are to be reported as past due after maturity if interest or principal remains unpaid for 30 days or more.
- (5) Unplanned overdrafts are to be reported as past due if the account remains continuously overdrawn for 30 days or more.

For purposes of this schedule, a full payment in computing past due status for consumer installment loans (both closed-end and open-end) is defined to include a partial payment equivalent to 90 percent or more of the contractual payment.

NOTE: The time period used for reporting past due status as indicated above may not in all instances conform to those utilized by federal bank regulators in bank examinations.

Nonaccrual -- For purposes of this schedule, an asset is to be reported as being in nonaccrual status if: (1) it is maintained on a cash basis because of deterioration in the financial condition of the borrower, (2) payment in full of principal or interest is not expected, or (3) principal or interest has been in default for a period of 90 days or more unless the asset is both well secured and in the process of collection.

An asset is "well secured" if it is secured (1) by collateral in the form of liens on or pledges of real or personal property, including securities, that have a realizable value sufficient to discharge the debt (including accrued interest) in full, or (2) by the guarantee of a financially responsible party. An asset is "in the process of collection" if collection of the asset is proceeding in due course either (1) through legal action, including judgment enforcement procedures, or, (2) in appropriate circumstances, through collection efforts not involving legal action which are reasonably expected to result in repayment of the debt or in its restoration to a current status in the near future.

For purposes of applying the third test for nonaccrual status listed above, the date on which an asset reaches nonaccrual status is determined by its contractual terms. If the principal or interest on an asset becomes due and unpaid for 90 days or more on a date that falls between report dates, the asset should be placed in nonaccrual status as of the date it becomes 90 days past due and it should remain in nonaccrual status until it meets the criteria for restoration to accrual status described below.

In the following situations, an asset need not be placed in nonaccrual status:

- (1) The criteria for amortization (i.e., accretion of discount) specified in AICPA Practice Bulletin No. 6 are met with respect to a loan or other debt instrument acquired at a discount (because there is uncertainty as to the amounts or timing of future cash flows) from an unaffiliated third party (such as another institution or the receiver of a failed institution), including those that the seller had maintained in nonaccrual status.
- (2) The asset upon which principal or interest is due and unpaid for 90 days or more is a consumer loan or a loan secured by a 1-to-4 family residential property. Nevertheless, such loans should be subject to other alternative methods of evaluation to assure that the bank's net income is not materially overstated. To the extent that the bank has elected to carry such a loan in nonaccrual status on its books, the loan must be reported as nonaccrual in this schedule.

As a general rule, a nonaccrual asset may be restored to accrual status when (1) none of its principal and interest is due and unpaid, and the bank expects repayment of the remaining contractual principal and interest, or (2) when it otherwise becomes well secured and in the process of collection. For purposes of meeting the first test, the bank must have received repayment of the past due principal and interest unless, as discussed in the Glossary entry for "nonaccrual status," (1) the asset has been formally restructured and qualifies for accrual status, (2) the asset has been acquired at a discount

Definitions (cont.)

(because there is uncertainty as to the amounts or timing of future cash flows) from an unaffiliated third party and meets the criteria for amortization (i.e., accretion of discount) specified in AICPA Practice Bulletin No. 6, or (3) the borrower has resumed paying the full amount of the scheduled contractual interest and principal payments on a loan that is past due and in nonaccrual status, even though the loan has not been brought fully current, and certain repayment criteria are met.

For further information, see the Glossary entry for "nonaccrual status."

Restructured -- For purposes of this schedule, restructured loans and leases are those loans and leases whose terms have been modified, because of a deterioration in the financial condition of the borrower, to provide for a reduction of either interest or principal. Once an obligation has been restructured because of such credit problems, it continues to be considered restructured until paid in full or, if the obligation yields a market rate, until the year subsequent to the year in which the restructuring takes place. A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not considered a restructured loan. Also, a loan to a purchaser of "other real estate owned" by the reporting bank for the purpose of facilitating the disposal of such real estate is not considered a restructured loan.

For further information, see the Glossary entry for "troubled debt restructurings."

Column Instructions

The columns of Schedule RC-N are mutually exclusive. Any given loan, lease, debt security, or other asset should be reported in only one of columns A, B, and C. On the FFIEC 031 and 032, information reported for any given off-balance sheet contract should be reported in only column A or column B.

Report in columns A and B of Schedule RC-N (except on the FFIEC 031 and 032 for Memorandum item 4) the full outstanding balances (not just delinquent payments) of loans, leases, debt securities, and other assets that are past due and upon which the bank continues to accrue interest, as follows:

- (1) In column A, report closed-end monthly installment loans, amortizing loans secured by real estate, lease financing receivables, and open-end credit in arrears two or three monthly payments; other multipayment obligations with payments scheduled other than monthly when one scheduled payment is due and unpaid for 30 through 89 days; single payment and demand notes, debt securities, and other assets providing for payment of interest at stated intervals after one interest payment is due and unpaid for 30 through 89 days; single payment notes, debt securities, and other assets providing for payment of interest at maturity, on which interest or principal remains unpaid for 30 through 89 days after maturity; unplanned overdrafts, whether or not the bank is accruing interest on them, if the account remains continuously overdrawn for 30 through 89 days.
- (2) In column B, report the loans, lease financing receivables, debt securities, and other assets as specified above on which payment is due and unpaid for 90 days or more.

Include in columns A and B, as appropriate (except on the FFIEC 031 and 032 for Memorandum item 4), all loans, leases, debt securities, and other assets which, subsequent to their restructuring by means of a modification of terms, have become 30 days or more past due and upon which the bank continues to accrue interest. Exclude from columns A and B all loans, leases, debt securities, and other assets that are in nonaccrual status.

Column Instructions (cont.)

On the FFIEC 031 and 032, report in columns A and B of Memorandum item 4 the specified information for interest rate, foreign exchange rate, and other off-balance sheet commodity and equity contracts on which a required payment by the bank's counterparty is due and unpaid for 30 through 89 days and due and unpaid for 90 days or more, respectively.

Report in column C the full outstanding balances of loans, leases, debt securities, and other assets that are in nonaccrual status. Include all restructured loans, leases, debt securities, and other assets that are in nonaccrual status. However, restructured loans, leases, debt securities, and other assets with a zero percent effective interest rate are not to be reported in this column as nonaccrual assets.

Item Instructions

NOTE: The item instructions for the FFIEC 033 and 034 report forms are presented on pages RC-N-4 through RC-N-7. The item instructions for the FFIEC 031 and 032 report forms are presented on pages RC-N-8 through RC-N-11.

Item Instructions for the FFIEC 033 and 034

Schedule RC-N is one of four schedules (and one memorandum item) in the FFIEC 033 and 034 Reports of Condition and Income in which banks are permitted to report loan detail in terms of general loan categories that are based upon each bank's own internal loan categorization system. While the definitions for the general loan categories are left to the choice of each reporting bank, each bank must use consistent definitions for these categories in each of the four schedules and the memorandum item. For further information, refer to the discussion of "Reporting of Loan Detail by Banks with Assets of Less Than \$300 Million and No Foreign Offices" in the General Instructions section of this book.

Lease financing receivables as specified in this schedule are the same as lease financing receivables in Schedule RC-C, part I, item 9 on the FFIEC 034 and item 10 on the FFIEC 033.

Item No. Caption and Instructions

- 1 **Real estate loans.** For purposes of this schedule, real estate loans include those loans that each reporting bank characterizes as such in its own recordkeeping systems or for its own internal purposes. For further information, refer to the discussion of "Reporting of Loan Detail by Banks with Assets of Less Than \$300 Million and No Foreign Offices" in the General Instructions section of this book.
- 2 **Installment loans.** For purposes of this schedule, installment loans include those loans that each reporting bank characterizes as such in its own recordkeeping systems or for its own internal purposes. For further information, refer to the discussion of "Reporting of Loan Detail by Banks with Assets of Less Than \$300 Million and No Foreign Offices" in the General Instructions section of this book.
- 3 **Credit cards and related plans.** For purposes of this schedule, credit cards and related plans include those loans that each reporting bank characterizes as such in its own recordkeeping systems or for its own internal purposes. For further information, refer to the discussion of "Reporting of Loan Detail by Banks with Assets of Less Than \$300 Million and No Foreign Offices" in the General Instructions section of this book.

Item Instructions for the FFIEC 033 and 034 (cont.)**Item No. Caption and Instructions**

- 4 **Commercial (time and demand) and all other loans.** For purposes of this schedule, commercial (time and demand) and all other loans is a residual category and, for each bank, its contents will depend on the contents of the three preceding categories of loans. For further information, refer to the discussion of "Reporting of Loan Detail by Banks with Assets of Less Than \$300 Million and No Foreign Offices" in the General Instructions section of this book.
- 5 **Lease financing receivables.** On the FFIEC 034, corresponds to Schedule RC-C, part I, item 9. On the FFIEC 033, corresponds to Schedule RC-C, part I, item 10.
- 6 **Debt securities and other assets.** Report the amount of all assets other than loans and leases reportable in Schedule RC-C that are past due 30 days or more or are in nonaccrual status as of the report date. Include such assets as debt securities and interest-bearing balances due from depository institutions. Exclude other real estate owned reportable in Schedule RC, item 7, and other repossessed assets reportable in Schedule RC, item 11, such as automobiles, boats, equipment, appliances, and similar personal property.
- 7 **Loans and leases reported in items 1 through 5 above which are wholly or partially guaranteed by the U.S. Government.** Report the aggregate book value of all loans and leases reported in items 1 through 5 above for which repayment of principal is wholly or partially guaranteed by the U.S. Government, including its agencies and its government-sponsored agencies. Examples include loans guaranteed by the FDIC (through loss-sharing arrangements in FDIC-assisted acquisitions), the Small Business Administration, and the Federal Housing Administration. Amounts need not be reported in this item if they are considered immaterial.
- Exclude from this item loans and leases guaranteed by state or local governments, state or local government agencies, foreign (non-U.S.) governments, and private agencies or organizations. Also exclude loans and leases collateralized by securities issued by the U.S. Government, including its agencies and its government-sponsored agencies.
- 7.a **Guaranteed portion of loans and leases included in item 7 above.** Report the maximum amount recoverable from the U.S. Government, including its agencies and its government-sponsored agencies, under the guarantee provisions applicable to the loans and leases included in item 7 above.

Memoranda**Item No. Caption and Instructions**

- 1 **Restructured loans and leases included in Schedule RC-N, items 1 through 5, above.** Report the amount of restructured loans and leases (as defined above) that under their modified terms are past due 30 days or more or are in nonaccrual status as of the report date. Such loans and leases will have been included in one or more of the loan categories in items 1 through 5 of this schedule. However, exclude from this item all restructured loans secured by 1-to-4 family residential properties and all restructured loans to individuals for household, family, and other personal expenditures.

Item Instructions for the FFIEC 033 and 034 (cont.)**Memoranda****Item No. Caption and Instructions**

- 2 Agricultural loans included in Schedule RC-N, items 1 through 4, above.** To be reported by banks with loans to finance agricultural production and other loans to farmers (as reported in Schedule RC-C, part I, item 3) exceeding five percent of total loans, net of unearned income (sum of Schedule RC-C, part I, items 1 through 8, less item 10 on the FFIEC 034; sum of Schedule RC-C, part I, items 1 through 9, less item 11 on the FFIEC 033). Agricultural loans will have been included in one or more of items 1 through 4 above. For purposes of this schedule, agricultural loans include those loans that each reporting bank characterizes as such in its own recordkeeping systems or for its own internal purposes. For further information, refer to the discussion of "Reporting of Loan Detail by Banks with Assets of Less Than \$300 Million and No Foreign Offices" in the General Instructions section of this book.

Banks with loans to finance agricultural production and other loans to farmers (as reported in Schedule RC-C, part I, item 3) less than or equal to five percent of total loans, net of unearned income (sum of Schedule RC-C, part I, items 1 through 8, less item 10 on the FFIEC 034; sum of Schedule RC-C, part I, item 1 through 9, less item 11 on the FFIEC 033), should report a zero or the word "none" in this item.

- 3 Loans to finance commercial real estate, construction, and land development activities included in Schedule RC-N, items 2 through 4, above.** Report the amount of loans to finance commercial real estate, construction, and land development activities not secured by real estate (as defined for Schedule RC-C, part I, Memorandum item 4) that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in items 2, 3, and 4 of Schedule RC-N above. Exclude from this item all real estate loans included in item 1 of Schedule RC-N above.
- 4 Real estate loans.** Report in the appropriate subitem all real estate loans included in Schedule RC-N, item 1, above. The sum of Memorandum items 4.a through 4.e must equal Schedule RC-N, item 1.
- 4.a Construction and land development.** Report the amount of all real estate loans for construction and land development purposes that are past due 30 days or more or are in nonaccrual status as of the report date. Refer to Schedule RC-C, part I, item 1.a, for a description of "construction and land development."
- 4.b Secured by farmland.** Report the amount of all real estate loans secured by farmland that are past due 30 days or more or are in nonaccrual status as of the report date. Refer to Schedule RC-C, part I, item 1.b, for a description of "farmland."
- 4.c Secured by 1-4 family residential properties.** Report in the appropriate subitem the amount of all real estate loans secured by 1-4 family residential properties. Refer to Schedule RC-C, part I, item 1.c, for a description of "1-4 family residential properties."
- 4.c.(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report the amount outstanding under all revolving, open-end real estate loans secured by 1-4 family residential properties and extended under lines of credit that are past due 30 days or more or are in nonaccrual status as of the report date. Refer to Schedule RC-C, part I, item 1.c.(1), for a description of "revolving, open-end loans."

Item Instructions for the FFIEC 033 and 034 (cont.)**Memoranda****Item No. Caption and Instructions**

- 4.c.(2)** **All other loans secured by 1-4 family residential properties.** Report the amount of all closed-end real estate loans secured by first or junior liens on 1-4 family residential properties that are past due 30 days or more or are in nonaccrual status as of the report date.
- 4.d** **Secured by multifamily (5 or more) residential properties.** Report the amount of all real estate loans secured by multifamily (5 or more) residential properties that are past due 30 days or more or are in nonaccrual status as of the report date. Refer to Schedule RC-C, part I, item 1.d, for a description of "multifamily (5 or more) residential properties."
- 4.e** **Secured by nonfarm nonresidential properties.** Report the amount of all real estate loans secured by nonfarm nonresidential properties that are past due 30 days or more or are in nonaccrual status as of the report date. Refer to Schedule RC-C, part I, item 1.e, for a description of "nonfarm nonresidential properties."

Item Instructions for the FFIEC 031 and 032

The loan and lease categories specified in this schedule correspond to the loan and lease category definitions for Schedule RC-C, part I. See the Glossary entry for "domicile" for the definition of this term.

Item No. Caption and Instructions

- 1 **Loans secured by real estate.** Corresponds to Schedule RC-C, part I, item 1 (column A on the FFIEC 031).
- 1.a **To U.S. addressees (domicile).**
- 1.b **To non-U.S. addressees (domicile).**
- 2 **Loans to depository institutions and acceptances of other banks:**
- 2.a **To U.S. banks and other U.S. depository institutions.** Corresponds to Schedule RC-C, part I, items 2.a.(2), 2.b, 2.c.(1), and 5.a, (column A on the FFIEC 031).
- 2.b **To foreign banks.** Corresponds to Schedule RC-C, part I, items 2.a.(1), 2.c.(2), and 5.b, (column A on the FFIEC 031).
- 3 **Loans to finance agricultural production and other loans to farmers.** Corresponds to Schedule RC-C, part I, item 3, (column A on the FFIEC 031).
- 4 **Commercial and industrial loans:**
- 4.a **To U.S. addressees (domicile).** Corresponds to Schedule RC-C, part I, item 4.a, (column A on the FFIEC 031).
- 4.b **To non-U.S. addressees (domicile).** Corresponds to Schedule RC-C, part I, item 4.b, (column A on the FFIEC 031).
- 5 **Loans to individuals for household, family, and other personal expenditures:**
- 5.a **Credit cards and related plans.** Corresponds to Schedule RC-C, part I, item 6.a, (column A on the FFIEC 031).
- 5.b **Other.** Corresponds to Schedule RC-C, part I, item 6.b, (column A on the FFIEC 031).
- 6 **Loans to foreign governments and official institutions.** Corresponds to Schedule RC-C, part I, item 7, (column A on the FFIEC 031).
- 7 **All other loans.** Corresponds to Schedule RC-C, part I, items 8 and 9, (column A on the FFIEC 031).
- 8 **Lease financing receivables:**
- 8.a **Of U.S. addressees (domicile).** Corresponds to Schedule RC-C, part I, item 10.a, (column A on the FFIEC 031).
- 8.b **Of non-U.S. addressees (domicile).** Corresponds to Schedule RC-C, part I, item 10.b, (column A on the FFIEC 031).

Item Instructions for the FFIEC 031 and 032 (cont.)**Item No. Caption and Instructions**

9 Debt securities and other assets. Report the amount of all assets other than loans and leases reportable in Schedule RC-C that are past due 30 days or more or are in nonaccrual status as of the report date. Include such assets as debt securities and interest-bearing balances due from depository institutions. Exclude other real estate owned reportable in Schedule RC, item 7, and other repossessed assets reportable in Schedule RC, item 11, such as automobiles, boats, equipment, appliances, and similar personal property.

10 Loans and leases reported in items 1 through 8 above which are wholly or partially guaranteed by the U.S. Government. Report the aggregate book value of all loans and leases reported in items 1 through 8 above for which repayment of principal is wholly or partially guaranteed by the U.S. Government, including its agencies and its government-sponsored agencies. Examples include loans guaranteed by the FDIC (through loss-sharing arrangements in FDIC-assisted acquisitions), the Small Business Administration, and the Federal Housing Administration. Amounts need not be reported in this item if they are considered immaterial.

Exclude from this item loans and leases guaranteed by state or local governments, state or local government agencies, foreign (non-U.S.) governments, and private agencies or organizations. Also exclude loans and leases collateralized by securities issued by the U.S. Government, including its agencies and its government-sponsored agencies.

10.a Guaranteed portion of loans and leases included in item 10 above. Report the maximum amount recoverable from the U.S. Government, including its agencies and its government-sponsored agencies, under the guarantee provisions applicable to the loans and leases included in item 10 above.

Memoranda**Item No. Caption and Instructions**

1 Restructured loans and leases included in Schedule RC-N, items 1 through 8, above. Report the amount of restructured loans and leases (as defined above) that under their modified terms are past due 30 days or more or are in nonaccrual status as of the report date. Such loans and leases will have been included in one or more of the loan categories in items 1 through 8 of this schedule. However, exclude from this item all restructured loans secured by 1-to-4 family residential properties and all restructured loans to individuals for household, family, and other personal expenditures.

2 Loans to finance commercial real estate, construction, and land development activities included in Schedule RC-N, items 4 and 7, above. Corresponds to Schedule RC-C, part I, Memorandum item 4. Loans reported in this item will have been included in items 4 and 7 of Schedule RC-N above. Exclude from this item all loans secured by real estate included in item 1 of Schedule RC-N above.

3 Loans secured by real estate (in domestic offices). Report in the appropriate subitem all loans secured by real estate (in domestic offices) included in Schedule RC-N, item 1, above. On the FFIEC 031, the sum of Memorandum items 3.a through 3.e must not exceed the amount reported in Schedule RC-N, item 1. On the FFIEC 032, the sum of Memorandum items 3.a through 3.e must equal Schedule RC-N, item 1.

Item Instructions for the FFIEC 031 and 032 (cont.)**Memoranda****Item No. Caption and Instructions**

- 3.a Construction and land development.** Corresponds to Schedule RC-C, part I, item 1.a, (column B on the FFIEC 031).
- 3.b Secured by farmland.** Corresponds to Schedule RC-C, part I, item 1.b, (column B on the FFIEC 031).
- 3.c Secured by 1-4 family residential properties:**
- 3.c.(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Corresponds to Schedule RC-C, part I, item 1.c.(1), (column B on the FFIEC 031).
- 3.c.(2) All other loans secured by 1-4 family residential properties.** Corresponds to Schedule RC-C, part I, item 1.c.(2), (column B on the FFIEC 031).
- 3.d Secured by multifamily (5 or more) residential properties.** Corresponds to Schedule RC-C, part I, item 1.d, (column B on the FFIEC 031).
- 3.e Secured by nonfarm nonresidential properties.** Corresponds to Schedule RC-C, part I, item 1.e, (column B on the FFIEC 031).
- 4 Interest rate, foreign exchange rate, and other commodity and equity contracts.** Report in the appropriate subitem the specified information for all interest rate, foreign exchange rate, and other off-balance sheet commodity and equity contracts (as defined for Schedule RC-L, item 14) on which a required payment by the bank's counterparty is past due 30 days or more as of the report date.
- 4.a Book value of amounts carried as assets.** For each interest rate, foreign exchange rate, or other off-balance sheet commodity or equity contract on which a required payment by the bank's counterparty is past due 30 days or more as of the report date, report the amounts, if any, related to the past due contract that the bank carries as assets on its balance sheet (Schedule RC). These amounts may include an amount accrued as a receivable, the unamortized amount of the premium paid for an interest rate cap or floor, and/or the fair value of a contract in a gain position that has been recorded as an asset.
- 4.b Replacement cost of contracts with a positive replacement cost.** For each interest rate, foreign exchange rate, or other off-balance sheet commodity or equity contract on which a required payment by the bank's counterparty is past due 30 days or more as of the report date, report the replacement cost, i.e., the mark-to-market value, of the contract only if it is positive. These positive replacement costs should be reported in this item regardless of whether they have been reported as assets on the balance sheet (Schedule RC). Do not include the replacement cost of those past due contracts with negative mark-to-market values.

The replacement cost of a contract is defined as the loss that would be incurred in the event of a counterparty default, as measured by the net cost of replacing the contract at current market rates. The replacement cost is to be measured in U.S. dollars, regardless

Item Instructions for the FFIEC 031 and 032 (cont.)**Memoranda****Item No. Caption and Instructions**

4.b of the currency or currencies specified in the contract, and should reflect changes in both
(cont.) interest rates and counterparty credit quality.

Positive replacement costs reported in this item for past due interest rate, foreign exchange rate, and other off-balance sheet commodity and equity contracts that are covered by the risk-based capital guidelines should also be included in the amount reported in Schedule RC-R, Memorandum item 1 (after considering applicable legally enforceable bilateral netting agreements).